



Chapter 7

C. Personnel Management

Personnel Management for the Twenty-First Century

California's state government is no longer able to attract, hire, manage, and retain "the best and the brightest" to efficiently serve the taxpaying public. California, the sixth largest economy in the world, is a trendsetter and innovator; it is the home of a major tax revolt, and the creator of the computer microchip and movie industry. Despite its status as a world leader, California is not using the best available tools, strategies, and technology for hiring a skilled, talented workforce.

The state's ineffective personnel management system is mired in laws and rules. This ineffective and unwieldy system is the result of piecemeal legislation and bargained labor agreements that meet the needs of special interest groups instead of the public good. California must bring its personnel management system forward to meet the demands of the 21st Century.

Research scope and methodology

CPR contacted, interviewed, and received information from more than 200 stakeholders and leaders in personnel management—managers, personnel officers, line employees, union leaders, personnel executives in other states, and current and former executives from California's two personnel control agencies, the Department of Personnel Administration (DPA) and the State Personnel Board (SPB). The team researched best personnel practices and personnel reforms in other states and countries, as well as those of the federal government. In addition, reports on California's personnel management practices and system from organizations such as the Little Hoover Commission (LHC) and the Legislative Analyst's Office were reviewed.

One of the most surprising discoveries made during this research process was the number of reports that have been produced over the years that have made recommendations to improve the state's personnel system. Many of these reports are thoroughly researched and make sensible recommendations, but have been largely ignored.

For instance, the LHC wrote *Too Many Agencies, Too Many Rules: Reforming California's Civil Service* in 1995, which identified many problems with California's personnel management, including its organization, labor management, and examination and classification procedures, and *Of the People, By the People: Principles for Cooperative Civil Service Reform* in 1999, which provided recommendations for reforming management, compensation, training, recruiting, and discipline. The expected wave of retirements is not new either. In 2002, SPB wrote *Workforce Planning, Maximizing the State of California's Workforce*, warning of the impending

retirements and providing a variety of resources to mitigate the problems that the aging workforce would cause. Many other reports were invaluable for their historical perspectives and insight. A mechanism should exist for the implementation of such recommendations.

Issue identification

CPR identified 15 areas needing significant improvement and updating. They are as follows:

- California's dual personnel management system, consisting of SPB and DPA;
- Workforce and succession planning;
- California's human capital crisis;
- The classification system;
- Recruitment processes;
- Examination and hiring processes;
- Employee compensation;
- Performance management and training;
- Employee discipline;
- The discrimination complaint review process;
- Retirement benefits;
- Layoffs;
- Meeting minimum qualifications;
- The Employee Suggestion Program; and
- The Career Executive Assignment Program.

Intersection of issues/functions

When considering personnel management issues, it is important to recognize that many functions intersect and significantly affect each other. For example, the number, type, and frequency of examinations given by a state department will often play a major role in how, when, and where the department performs its recruitment activities. The classifications and skills needed by a state department will also drive the types of examinations given and the audiences to whom recruitment activities are directed. Compensation packages are a large and obvious factor in the success of recruitment and hiring efforts.

Changes to the state's personnel management system cascade into several other areas. Therefore, the system should not be adjusted on a piecemeal basis. Its current dysfunction is due in large part to the piecemeal nature of its evolution. The individual functions of California's personnel management system, and the issues and recommendations associated with those functions, should be considered together in order to make significant improvements. Any attempts at reform must be comprehensive.